

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Financial Corp

Point of Contact:	Patrick Niemer	RSSD: (For Bank Holding Companies)	2687124
UST Sequence Number:	932	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,349,000	FDIC Certificate Number: (For Depository Institutions)	34849
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 22, 2009	City:	Dubuque
Date Repaid ¹ :	N/A	State:	Iowa

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Loan demand in our market was tepid in 2010, and total volume for the year was down \$14 million. Due to bank regulators' insistence on higher capital levels, we would have had to reduce our balance sheet further if we did not have the CPP capital.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Financial Corp

☒ **Increase securities purchased (ABS, MBS, etc.).**

The CPP capital also allowed us to purchase an additional \$5.6 million of securities. A majority of these were Federal Home Loan Bank issues that help the FHLB lend money for home purchases.

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☒ **Reduce borrowings.**

The extra capital from the CPP program also allowed us to reduce our non-core funding sources by \$7.5 million during 2010.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Financial Corp

☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Financial Corp

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP funds enabled us to avoid having to raise outside capital during a recession. Other forms of capital that may have been available to us would have been much more expensive, thus reducing earnings.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Premier Financial Corp

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to keep our liquidity position higher than we normally would in a more robust economy.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Premier Financial Corp

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.